

Mayor and City Council of Cumberland

WORK SESSION

City Hall Council Chambers
57 N. Liberty Street
Cumberland, MD 21502

Tuesday, December 8, 2020
4:30 p.m.

This meeting was held via Video-Conference

PRESENT: Raymond M. Morriss, President; Council Members: Seth Bernard, Richard Cioni, and Eugene Frazier. Councilwoman Laurie Marchini was absent.

ALSO PRESENT: Jeffrey D. Rhodes, City Administrator; Marjorie Woodring, City Clerk; Matt Miller, Executive Director-CEDC; Stu Czapski, Economic Development Specialist; Lee Borrer, Senior Community Development Specialist; Ken Tressler, Director of Administrative Services; Mark Gandolfi, City Comptroller; Robert Smith, City Engineer, and Greg Hildreth, Allegany County

I. UPDATE ON EASTSIDE SCHOOL SITE DEVELOPMENT

Mr. Rhodes advised that he emailed Tom Simmons from WODA this afternoon, and discussed terms of the PILOT (Payment in Lieu of Taxes), but said they need to talk about life after the PILOT, and said he wants to firm that up and have some continuing discussions. Mr. Rhodes also advised that there's a 30 day extension on agenda next week so that can be wrapped up.

Mr. Miller asked to be forwarded the language of the PILOT program to know how it works, saying he's interested in getting a summary of how it's applied to a project like this. Mr. Rhodes advised he will forward it as soon as it's finished, and discussed the details of the PILOT tax program, which ensures a certain revenue to the City which it otherwise may not see due to the fact that it's a subsidized housing project. In answer to a question, Mr. Rhodes advised there is no freeze on tax assessment, and said the developer is allowed to appeal their assessment to the state because the development is income-restricted, and the developer cannot charge just what they want. Because the City cannot challenge, the PILOT agreement is used.

Mr. Rhodes clarified that "subsidized" in this instance does not refer to Section 8 subsidized housing; rather it means there will be rent structures designed around work-force housing.

II. UPDATE ON CUMBERLAND GATEWAY PROJECT @ MARYLAND AVE.

Mr. Miller advised that the MD Avenue Gateway Project groundbreaking ceremony is scheduled for Friday, December 18th at 1:30 p.m., and said invitations have been sent via email. He stated that he thinks it will become a successful project and said it will meet the

original goals, which are; 1) to fill a void of private sector investment; 2) address a growing blight issue; 3) right-sizing the community; 4) will spur economic growth, and 5) can be a development space for additional entities. Mr. Miller stated that this project has dragged out a little longer than anticipated, but said a project of this size does not happen overnight. The Mayor said a good thing for the community, glad it's coming to fruition, and said if it can get done successfully, will show that Cumberland is ready for growth and that we have people that want to work together to get things done.

III. UPDATE ON BALTIMORE STREET ACCESS PROJECT

Mr. Miller provided an update on the project, saying that the work group continues to meet on a weekly basis, and said they have been heavily involved in alternates to design elements, helping to set criteria in the spec portion of the package, and advising the redesign of new elements for the Liberty Street waterfall. Mr. Miller advised that test samples have been taken below the building around the Liberty Street parklet, so they have an idea of what foundations look like. He stated that a significant footer will need to be built below grade for support of the waterfall feature. He said they need to take everything into consideration and make sure all loads are being accounted for to adequately plan for construction.

Mr. Smith advised that this will be a different water feature than was originally proposed, but said it will end up being a better product. He advised that this happens with all projects, and it's not unusual for tweaks. He said it won't be a tall water feature – around 14 feet – which he advised will be proportionately better for the project. He stated that at the end of the day it will still deliver the same impact to the project, and said there were obstacles they needed to work around. Mr. Smith added that the Engineering staff continues to work on a daily basis with the consultant, and said they are hoping to get the package out to the State Highway Authority (SHA) soon. He advised that they will submit 95% of the drawings to SHA next week, and after whatever comments the SHA makes are addressed, the package will go out to bid. Mr. Smith further added that the concept proposed to M&CC in 2019 is still what they're planning to deliver. He explained there have been some changes to parklets due to unknown obstacles, but said they have worked through that and they believe the M&CC will like the final project.

Mr. Miller agreed and stated that all changes made are necessary and are being fully vetted by the committee and Cochran. He said certain inevitable obstacles will arise, and a prime example is the waterfall of not being able to plan for every single element up front. He added that it's been a very informative and open process.

Mayor Morriss stated that the DDC workgroup has done a lot of tedious work, and said they are a dedicated group that has worked to keep the concept of the project as close to it was originally supposed to be. He stated that the project has taken a while, but it's getting near to fruition. Councilman Cioni reminded everyone that Senator Edwards was very clear about offering any help he may be able to give with moving the SHA along. Mr. Miller said the Western Maryland Delegation has been increasingly informed on where the project stands, and stated they are large partners with funding and political support. Mr. Miller

added that he fully commends Mr. Smith and his staff for how they've handled everything and said they've done a professional job.

Mr. Miller advised that the recently-formed subcommittee marketing group has been charged with establishing a budget to address future stakeholder communications, construction impacts, and community outreach. He also mentioned that they have secured a grant through the Arts Council with which they will procure renderings portraying the final product. He advised that those drawings should be available in a few weeks.

IV. REVIEW OF DRAFT AGENDA FOR DECEMBER 15, 2020 PUBLIC MEETING

Mayor Morriss quickly went through the Departmental Reports and Minutes up for approval on the agenda, and Mr. Rhodes advised that Lee Borrer was in attendance to discuss the Public Hearing on regarding the 2019 Consolidated Annual Performance & Evaluation Report (CAPER). Ms. Borrer advised that the CAPER is a little late this year, and provided a background on the report. She advised that there are some narratives in the report, but stated it's mostly numbers, facts and figures through HUD's reporting software system. Mayor Morriss said he appreciated what Ms. Borrer has done, noting that it is very tedious work.

Mr. Rhodes advised that in Unfinished Business there is Ordinance No. 3880, up for its second and third readings, and said this ordinance will authorize a Zoning Map amendment to correct a mistake by rezoning five parcels at the intersection of Maple Street and East Oldtown Road. He advised that a public hearing was held and the Planning Commission did recommend the change.

Mr. Rhodes advised that in New Business there is Resolution R2020-07 which authorizes certain businesses located in the Gateway Enterprise Zone to receive tax credits for the 2021-2022 tax year. Mr. Rhodes introduced Greg Hildreth from Allegany County, who provided background on the Gateway Enterprise Zone. Mr. Hildreth advised that the Enterprise Zone program is a state program that is administered locally to incentivize local businesses to invest privately in a certain geographical area. He stated that the zone that overlaps with a fair amount of Cumberland is called the Gateway Enterprise Zone, of which he is the administrator. He stated that the program is designed to use property taxes as the incentive mechanism for private investment, and added that if all criteria are met and real estate is improved, you can get up to 80% break on property taxes on the improved value. He stated that another incentive with the program relates to new hires, which can garner a small tax credit for each employee hired.

Mr. Hildreth advised that there are local guidelines that determine who is and isn't eligible, and stated that retail, restaurants and bars are typically excluded. He explained, however, that in Cumberland there is an exception for retail in the downtown area. He advised that he will need to get with Mr. Miller about this, to attract more business and private investment to the downtown.

Mr. Hildreth explained that if a business wants to locate within the zone, there's a local committee that meets to determine the eligibility, then the City and County need to approve. He stated that this year there are 17 businesses approved by the committee, and of those, 9 are within the City limits. Mayor Morriss agreed it's a very good program, and said that it's critical that Mr. Hildreth have a conversation with Mr. Miller, to make sure the program is getting marketed to people.

In answer to a question from Council, Mr. Hildreth advised that this program is an ongoing thing with no timeframe, and said zones are approved by the state for a 10-year period. Mr. Hildreth explained further about the 10-year period and about renewing designations, and said as an example, the Gateway Zone expires in 2022, and so as administrator he will undertake the renewal process. Mr. Hildreth encouraged those already in the program for 10 years to maintain their eligibility so they will have the chance to get credits if they have a new eligible investment.

Mr. Rhodes continued with New Business, stating there were 2 new Bond Ordinances up for their first readings. He advised Ordinance No. 3881, which authorizes the issuance and sale of general obligation bonds and bond anticipation notes, each in an aggregate principal amount not to exceed \$4.5M. He stated that this Ordinance involves items approved in the budget process. He explained that they were initially looking to the CDA for financing, but had the opportunity for refunding some existing debt, and decided this was the better way to go.

Mr. Tressler advised that interest rates are at an all-time low, so they want to take advantage of refinancing some existing debt. He stated that they are looking at refinancing about \$16M worth of debt, and advised that they expect estimates from Davenport to show that they should save \$1.5M in debt service by refinancing. He said the bond resolution mentions \$30M in debt service; however, he explained that they are getting authorization to refinance debt that they are not actually financing right now as it's not outstanding enough yet. He added that new debt was approved in the FY21 budget to finance FY21 capital expenditures. Mr. Tressler explained further about CDA debt, saying the City is approaching 10% of the total outstanding CDA debt. He said the bottom line is they are planning on refinancing debt, saving \$1.5M, and bundling previous FY21 debt with this.

Mr. Rhodes stated that what Mr. Tressler discussed pretty much covers Ordinance 3882 as well, which authorizes the issuance and sale of general obligation refunding bonds in an aggregate principal amount not to exceed \$30M, and explained in further detail the City's reasons for dealing with CDA. He explained that when smaller amounts are borrowed, the more cost prohibitive it is to borrow on your own as opposed to working through CDA.

Mr. Rhodes reviewed the Consent Agenda Orders:

Order 26,739, approving an amendment to the CDBG Program to reduce funding to the 2020 Targeted City Foot and Bike Patrol Project by \$84.00, bringing the total 2020 CDBG allocation to \$809,458.00.

Ms. Borrer advised that this is a minor amendment, saying that formula calculations provided by HUD were off, so there ended up being \$84 more than they were supposed to have.

Order 26,740, declaring 884 Sperry Terrace to be surplus property and declaring the City intent to transfer the property to Harold P. and Ann V. Atkins for the amount of \$9,200.00.

Mr. Rhodes advised that this was a former blighted property, and the adjoining property owners (the Atkins') were interested, so they are purchasing the property for the cost of the City's demolition. He stated it's a good deal for the City, and gets it back on the tax roll.

Order 26,741, approving budget appropriations and transfers for fiscal year 2019-2020.

Mr. Tressler advised that this is a typical year-end mop-up, and stated we need to transfer money into debt service. He added bond issue costs were a little higher than anticipated when the budget was prepared, and we need to cover general fund transfers. He explained that it's due to timing differences, saying budgets are estimates, and so reality causes the need for transfers. Mr. Tressler added that they are transferring out of the Public Works snow budget, since last year was a mild winter and there's a favorable variance in that department. He said they're also transferring out of Public Safety related to favorable variances in in the Police Department healthcare and Workers Comp.

Order 26,742, accepting the Sole Source proposal from SADA Systems, Inc. to provide a G Suite Enterprise Account for the City's use of Google Mail and Google applications for a term of three (3) years, effective December 6, 2020 through December 6, 2023, in the amount not-to-exceed \$65,512.20.

Order 26,743, authorizing execution of a third Amendment to Purchase Agreement with Allegany Junction Limited Partnership regarding the sale of land at 100 Reynolds Street, to allow for two (2) additional 30-day closing extensions.

Mr. Rhodes advised that this is the East Side School site that was discussed earlier in the meeting, saying this is regarding trying to finish off the PILOT and get that behind us.

Mr. Rhodes asked Mark Gandolfi to give an update on the Audit. Mr. Gandolfi advised that things have gone well to this point, and said they are working well with THK and their staff. He stated there have been favorable outcomes in every area, and there are no deficiencies to report. Mr. Gandolfi said there have been a couple of adjustments, but nothing out of the ordinary. He advised that they have the draft financials and have reviewed them, and are in the process of finalizing the draft Management Discussion of Analysis (MDA). He said the auditors are looking to date the report December 17th, so they're wrapping up and are in the home stretch.

V. ADJOURNMENT

With no further business at hand, the meeting adjourned at 5:30 p.m.

Respectfully submitted,

Marjorie A. Woodring
City Clerk

Minutes approved February 2, 2021